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Office of the General Counsel  
Indiana Utility Regulatory Commission  
302 W. Washington Street, Room E306  
Indianapolis, IN 46204

Nov. 4, 2004

To whom it may concern,

AARP is pleased to submit the following comments regarding IURC Rulemaking No. 04-02. Please do not hesitate to contact me at 423-7101 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy Griffin". The signature is fluid and cursive, with a long, sweeping underline.

Nancy Griffin  
State Director, AARP Indiana

**Comments of AARP Indiana on  
Indiana Utility Regulatory Commission Cause No. RM 04-02,  
Customer Service Rights and Responsibilities Rulemaking**

AARP appreciates the opportunity to provide comments to the Commission on their rulemaking regarding customer service rights and responsibilities. We are particularly concerned about the proposed provisions with regard to deposits and will focus our comments on this part of the proposal.

Utility service is vital to health and safety. Every winter we read about households that are devastated by fires caused by candles used in homes when the electricity service has been terminated. For older folks in particular, heat in the winter and air conditioning in the summer can be the difference between life and death.

Thus, the new proposed requirements with regard to deposits for utilities are a cause of grave concern. AARP opposes any proposal that will act as a barrier to consumers having heat, air conditioning or electricity of any sort. Unfortunately, this proposal does place a barrier for consumers in getting access to the services that they need.

AARP's Public Policy Institute recently conducted a survey to learn about Americans' perceptions of the use of credit scores. The soon-to-be-released survey shows that Americans are deeply concerned about the use of credit scores – especially for non-credit services as essential as electricity. Less than 20 percent of respondents age 18 and older who reported to be familiar with credit scores strongly agreed that credit scores were an

appropriate way to determine if a deposit should be required for getting electricity. Over three-fourths of these respondents agreed that the company should NOT have access to the customer's credit score when the utility company has a customer's payment history.

Consumers also are concerned about allowing access to personal information. Many believe that the use of credit scores makes it more difficult for persons to responsibly get back on the road to good credit, and some, in fact believe it is easier to discriminate. They are concerned about accuracy and the inability to correct errors. While there certainly is debate as to just how regularly these reports include errors, there is no debate about the difficulties and frustrations that consumers experience when they try to get errors cleared up. They may experience endless hold-time on the telephone and may have to make numerous phone calls – which sometimes results only in errors reappearing and the process starting over again. This is not the system that should be used for a service as essential as electricity.

In New York, the Public Utility Law Project sponsored expert Birny Birnbaum from the Center for Economic Justice in the Public Service Commission's case examining whether Niagara Mohawk could use credit scores to determine deposit amounts.<sup>1</sup> Mr. Birnbaum pointed out to the Commission that credit scores do not just reflect a consumer's delinquencies in paying bills or whether they've declared bankruptcy. The credit score also is affected, "by the type of credit and/or the type of lender – regardless of whether the consumer is current on payments." In fact, Mr. Birnbaum notes in his testimony that

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<sup>1</sup> New York Public Service Commission, Petition of Niagara Mohawk Power Corporation For Authorization to Request Security Deposits from Applicants for Residential Service Filed in Case 25695, Case 03-M-0772.

consumers also are penalized on their credit report if they don't often use credit and mostly pay by cash, or if they use financial institutions like check cashing stores or payday lenders which do not report to the credit bureaus.

Finally, Mr. Birnbaum raises two additional issues in his testimony that are relevant to this proposal. He states, "I am also concerned about the arbitrary nature of credit scoring models. It is well documented that a consumer's credit information can vary dramatically across the three major credit reporting agencies. This occurs because not all lenders report to all three bureaus. Consequently, a consumer's credit score can vary from very good to very bad depending upon which credit bureau the information was obtained from." Mr. Birnbaum also makes the point that consumer payments to utilities are not reported to credit reporting agencies. Thus, it is patently unfair to condition deposits for utility service on credit scores that do not reflect a consumer's actual payment history for utility services. As he states in his testimony, "A consumer could have a perfect utility payment history and still be required to provide a deposit because of a credit score that never considers utility payment history."

Utility services are essential to modern life. For older Americans in particular, the ability to have air conditioning during the summer and heat during the winter are absolutely necessary. The loss of any of these utility services could have devastating consequences. For this reason, AARP strongly urges the Commission to reject any proposal that would impede consumers from getting the energy services they need.